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Latham & Watkins LLP

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

In re BANC OF CALIFORNIA
SECURITIES LITIGATION

Case No. 8:17-cv-00118-DMG
(DFMx)

CLASS ACTION

This Document Relates To:

ALL ACTIONS.

**RESPONSE OF LATHAM &
WATKINS LLP TO STEVEN A.
SUGARMAN'S OBJECTION TO
MUDDY WATERS CAPITAL
LLC'S INTENTION TO
DISCONTINUE SEEKING A
MONETARY AWARD AGAINST
LATHAM & WATKINS LLP**

Judge: Hon. Dolly M. Gee
Courtroom: 8C

1 Latham & Watkins LLP responds as follows to Steven A. Sugarman's
2 Objection to the Notice of Muddy Waters Capital LLC's Intention to Discontinue
3 Seeking a Monetary Award Against Latham & Watkins LLP (respectively, the
4 "Objection" and the "Notice") (Docket Numbers 670 and 669). Specifically,
5 Latham writes to make five brief points, including that it does not object to the Court
6 compelling Latham's disclosure of the settlement agreement subject to the terms of
7 the existing protective order.

8 First, although Latham is ethically constrained as to what it can say in this
9 response, Latham wants to assure the Court and Mr. Sugarman that Latham has at
10 all times complied with its ethical duties to Mr. Sugarman. That includes Latham's
11 conduct in connection with the negotiation and execution of the settlement
12 agreement that is the subject of the Notice and Objection. Just as importantly, when
13 it comes to the underlying contempt motion in general and the settlement agreement
14 in particular, Latham has not acted *adversely* to Mr. Sugarman under California's
15 rules of ethics.

16 Second, Mr. Sugarman and Latham have been represented by separate counsel
17 throughout Muddy Waters' contempt motion and request for sanctions. Mr.
18 Sugarman has been and continues to be represented by Michelman & Robinson LLP.
19 Latham has represented itself until this response and is now represented by Haynes
20 and Boone LLP.

21 Third, contrary to the contention in the Objection, Latham does not seek to
22 undo or to otherwise modify the Court's contempt order against it. *Cf.* Docket 670
23 at 5. Indeed, Muddy Waters' Notice expressly "requests that the Court . . . leave the
24 September 30, 2024 order finding Latham and Sugarman in contempt in place in its
25 entirety." Docket 669 at 2:19-21.

26 Fourth, Latham has not done anything to deny Mr. Sugarman his right to seek
27 offset with respect to the fees and expenses, if any, awarded to Muddy Waters on
28 the pending sanctions motion. Nor has Latham taken any steps to deny

1 Mr. Sugarman his right to seek contribution against Latham. In short, Mr. Sugarman
2 retains his full suite of rights under California and federal law as to both Muddy
3 Waters and Latham. And Latham has no objection to Mr. Sugarman's enforcement
4 of those rights.

5 Fifth, Latham has no objection to the disclosure of the settlement agreement,
6 subject to it being designated Confidential under the terms of the existing protective
7 order, either through Muddy Waters' consent (although Muddy Waters has given
8 Latham notice that it currently objects to disclosure) or pursuant to Court order.

9
10 DATED: June 13, 2025

HAYNES AND BOONE, LLP

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12 By: /s/ Mark D. Erickson
13 Mark D. Erickson
14 Attorneys for Respondent
15 Latham & Watkins LLP
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